The Australian NEED Act

To create a full employment economy as a matter of national economic defence;
to provide for public investment in capital infrastructure;
to provide for reducing the cost of public investment;
to retire public debt;
to stabilize the social security retirement system;
to establish authority of Parliament to create and regulate money, to modernize and provide stability for the monetary system of Australia; and
for other public purposes.

Be it enacted by the Australian Parliament assembled,

1 SECTION 1. SHORT TITLE.
2 This Act may be cited as the ‘‘**National Emergency Employment Defense Act of 2025’’**

3 SECTION 2 FINDINGS; PURPOSES.
Findings. Parliament finds as follows:

(1) The housing market in terms of construction and sales has undergone an historic decline whilst increasingly higher interest rates for house mortgages has locked out a large number of Australians from ever owning a home.

(2) The public health care system is inadequate and the cost of privatised health care is beyond the reach of most Australians.

(3) The cost of higher education has put higher academic attainment outside the reach of millions of young Australians. This will cause a corresponding decline in the asset value of Australia’s most valuable human capital.

(4) There are a large number of infrastructure projects languishing for want of funding which would enable Australia to reduce the cost of living, maximise the value of its natural resources, increase manufacturing capabilities, reduce importations, improve transportation of people, goods and commodities, improve all forms of communication including space based IT services, repair and seal dirt roads, a new heavy rail facility servicing the entire nation, flood mitigation and dam construction aligned with management of fresh water resources, provision of additional renewable energy harnessing hydro and tidal forces.

(5) Over the past two decades essential public works and infrastructure has been privatised in an effort to correct an adverse balance of payments. Funds will be needed to nationalise this wrong headedness.

(6) The privately owned Reserve Bank of Australia has consistently failed since its inception in 1959 in its several mandates;

(a) to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia;

(b) by exercising its powers to contribute to the stability of the currency of Australia;

(c) the maintenance of full employment in Australia, and the economic prosperity and welfare of the people of Australia.

(7) Confidence in the Australian economic leadership at home and around the world is waning, the value Australian dollar is rapidly declining and real inflation now exceeds 10% annually. There is now another path to

economic recovery that exists that will create the changes necessary to put our people back to work, invest in building new infrastructure such as roads, rail, logistics, airports, sea ports, harbours, communication, shipping, power generation, water, sewer, education, healthcare, social security, defense and space.

(8) Australia is to adopt a policy of import substitution as mandated in its new Constitution and this will involve providing land and facilities to local and foreign manufacturers to establish their operations in Australia. Such operations would initially include manufacture of motor vehicles, trucks, tractors, trains - heavy freight rail and high-speed maglev rail. A petrochemical industry, steel mills and new aluminium refineries.

(9) Australia's new Constitution mandates that we become a non-aligned republic. Consequently, we will need to re-align foreign policy. This will necessitate re-equipping our defence forces.

(10) The aforementioned conditions require comprehensive action by the Australian Parliament to create full employment, invest in Australia and secure long-term economic, social and political future and such other actions as mandated in our new Constitutional rights and responsibilities.

(11) The enactment of the privately owned Reserve Bank of Australia in 1959 effectively delegated the sovereign right to create money to the private financial industry.

(12) The ceding of this power has contributed materially to a multitude of monetary and financial afflictions including:

a. growing and unreasonable concentration of wealth;
b. unbridled expansion of national debt, both private and public;
c. excessive reliance on taxation of citizens for raising public revenues;
d. devaluation of the currency;
e. drastic increases in the cost of public infrastructure investments;
f. record levels of unemployment and under-employment; and
g. persistent erosion of the ability of Parliament to provide resources for the general welfare of all the Australian people.

(13) A debt based monetary system where money comes into existence primarily through private bank lending can neither create nor sustain a stable economic environment, but has proven to have been a source of chronic financial instability and frequent crisis, as evidenced by the near collapse of the financial system in 2008 among other earlier economic disasters.

(14) Banks increased their value by lending money imprudently, which greatly inflated the value of bank holdings, exposing depositors and taxpayers to the risks of schemes like the bundling and financialisaton of sub-prime mortgages, and ultimately bringing under-capitalised banks and the entire financial system to the edge of ruin, creating circumstances where the taxpayers of Australia were called upon to save the banks from their own imprudent lending practices, misspending and mal-investments. The banks' ability to create money out of nothing ultimately became the taxpayers' liability, and raises a fundamental question about a practice of money creation which threatens the wealth of Australian people.

(15) Abolishing private money creation can be achieved with minimal disruption to the current banking operations, regulations and supervision.

(16) The creation of money by private financial institutions should cease once and for all.

(17) By acquiring the power of the Reserve Bank of Australia to originate money and to spend or lend money into circulation as needed, eliminates the need to treat money as a federal liability or to pay interest charges on the Nation's money supply to financial institutions; it also removes the undue influence of private financial institutions over public policy.

(18) Under the current Reserve Bank system, the persons responsible for the conduct of Australian policy have been unaccountable to Parliament and the Nation, have resisted auditing by the appropriate authority and have claimed exemptions from some Australian laws.

(19) Implementation of Australian monetary policy by the Governor of the Reserve Bank has failed to promote full employment, and the failure of the Governor to safeguard the financial system against wholesale fraud and abuse of citizens, demonstrates the risks of maintaining a system wherein the power to create and regulate money has been delegated to private individuals who are unaccountable to the People of Australia in any way, even via their representatives in Parliament.

(20) Australia as a Colony has never achieved control over it's the money system, either when provided by the Crown or subsequently by private interests. Back in the great depression of 1931 Sir Otto Niemeyer director of the Bank of England was dispatched to Australia to scotch the fiduciary note issue Edward Theodore treasurer of Australia had proposed to provide credit to enable the farmers and small businesses maintain production of food and necessary products. The high point of Niemeyer's tour was his address at the Melbourne Conference of Commonwealth and State leaders where he delivered a stark warning that Australia must face the "cold facts" of its financial situation. **"Governments must cut spending, stop borrowing, and balance their budgets immediately".** Subsequently Ted Theodore lost his job, the Labour party split and the Scullin government collapsed. And again, during the Whitlam era many economic and social advances were achieved but the Whitlam government was defeated, not by the People but by the Governor General on instructions from Crown with help from the CIA over the proposal to borrow petro-dollars.

(21) As our money system is a key pillar in maintaining general economic welfare and as the Reserve Bank and its private banking partners have consistently failed to promote or preserve the general welfare, it is essential that Parliament, in the name of protecting the economic lives of the Australian people and the long-term security of our Nation, now assume the powers and responsibilities granted to it by our new Constitution.

(b) **PURPOSES--The purposes of this Act are as follows:**

(1) To create a Monetary Authority which shall pursue a monetary policy based on the governing principle that the supply of money in circulation shall not become inflationary nor deflationary in and of itself, but will be sufficient to allow goods, services and commodities to move freely in trade in a balanced manner. The Monetary Authority shall maintain long run growth of the monetary and credit aggregates commensurate with the

economy’s long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates.

(2) To create a full employment economy as a matter of economic defense; to provide for public investment in capital infrastructure; to provide for the cost of reducing public investment; to retire public debt; to stabilize the Social Security retirement system; to create the authority of Parliament to create and regulate money; to modernise and provide stability for the monetary system of Australia, and for other purposes.

(3) To abolish the creation of money, or purchasing power, by private persons through lending against deposits, by means of fractional reserve banking, or by any other means unless such arrangement is fully backed by monetary gold.

(4) To enable the Federal Government to invest or lend money into circulation as authorised by Parliament and to provide the means for public investment in capital infrastructure.

(5) To incorporate the Reserve Bank of Australia into the Executive Branch under the Australian Treasury, and to make other provisions for reorganisation of the Reserve Bank.

(6) To provide for an orderly transition.

(7) To make other provisions necessary to accomplish the purposes of this Act.

SECTION 3. DEFINITIONS.

(a) IN GENERAL—For the purposes of this Act, the following definitions shall apply:

(1) DEPOSIT—The term “Deposit” means a credit balance in an Australian deposit taking institution.

(2) “AUTHORISED DEPOSIT TAKING INSTITUTION (ADI)” means those entities listed by the Australian Government of authorised deposit-taking institutions covered under the Financial Claims Scheme.

(3) MONEY –The term “money” refers to Australian Money established under this Act.

(4) MONETARY AUTHORITY – The term “Monetary Authority” means the Monetary Authority established under this Act.

(5) SECRETARY—the term “Secretary” means the Secretary of the Australian Treasury.

(6) STATE—the term “State” means the State of Australia and includes its Territories.

(7) EFFECTIVE DATE – the term “Effective Date” means the date on which the designated provisions of this Act take effect.

SECTION 4. COORDINATION WITH OTHER LAW.

(a) IN GENERAL—This Act shall supersede any provision of federal law in effect on the day before the date of enactment of this Act that is inconsistent with any provision of this Act but only to the extent of such inconsistency.

(b) TECHNICAL AND CONFORMING AMENDMENTS.

(c) Before the end of the sixth month period beginning on the date of enactment of this Act, the Secretary of the Treasury shall submit to the Parliament a proposed draft of legislation of the Monetary Authority that if enacted would implement such technical and conforming amendments as the Monetary Authority may recommend—

(1) To repeal the provisions of law referred to in sub-section (a) that are inconsistent with this Act; and
(2) To further clarify and implement the provisions of this Act.

TITLE 1—ORIGINATION OF AUSTRALIAN MONEY

Section 101 EXERCISE OF CONSTITUTIONAL AUTHORITY TO CREATE MONEY

(a) IN GENERAL—Pursuant to the exercise by Parliament of the authority contained in the new Constitution of Australia—
(1) The authority to create money within Australia shall hereinafter reside exclusively with the Federal Government; and
(2) The money so created shall be known as Australian Money and denominated and expressed as Australian dollars.

(b) EXERCISE OF SOVEREIGN POWER—the creation of Australian Money under this Act is the legal expression of the sovereign power of the Nation and confers upon its bearer an unconditional means of payment.
(c) LIMITATION ON EXPRESSION—Beginning on the effective date –
(1) The coin, notes or other forms of legal tender, including electronic currency, originated by the Australian Treasury under authority of this Act; and
(2) The Gold Trade Note described in the new Constitution; shall be deemed as Australian Money; and
(3) It shall be unlawful for any person to designate any other credit, note, bond, script, or other financial instrument as Australian Money.

SECTION 102. UNLAWFUL FOR PERSONS TO CREATE MONEY.

Any person who creates or originates Australian Money by lending against deposits, through so-called fractional reserve banking, or by any other means not excepted by this Act, after the effective date shall be fined under Australian law, imprisoned for not more than 5 years or both.

SECTION 103. PRODUCTION OF AUSTRALIAN MONEY.

(a) IN GENERAL—In order to furnish suitable notes for circulation as Australian Money the Secretary of the Treasury shall cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the same denominations as are currently issued.
(b) FORM AND TENOR—Australian currency notes for circulation as Australian Money shall be in form and tenor as directed by the Secretary of the Treasury.
(c) CEASING PRODUCTION OF RESERVE BANK NOTES—The Secretary of the Treasury shall wind down and cease production of Reserve Bank notes as quickly as practicable after the date of enactment of this Act, but no later than the effective date, in coordination with the start-up and maintenance of production of Australian currency. The Secretary shall ensure that at all times the amount of Reserve Bank

notes in circulation is sufficient to meet demand until production of Australian currency is sufficient to meet demand.

(d) CONTINUING CIRCULATION UNTIL RETIREMENT—Any Reserve Bank notes in circulation shall continue to be legal tender until retired in accordance with applicable provisions of law.

SECTION 104. LEGAL TENDER.

(a) IN GENERAL—Australian Money shall enter into general domestic circulation as full legal tender in payment of all debts, public and private.

(b) TECHNICAL AND CONFORMING AMENDMENT—
All relevant Australian law shall be amended to refer to Australian Money in lieu of Reserve Bank notes.

Section 105 DISBURSMENTS TO BE DENOMINATED IN AUSTRALIAN MONEY.

On the effective date, all Australian Government disbursements shall be denominated in Australian Money, the unit being the dollar, symbolised as $.

SECTION 106. ORIGINATION IN LIEU OF BORROWING.

(a) IN GENERAL—After the effective date, and subject to limitations established by the Australian Monetary Authority under provisions of section 302, the Secretary shall originate Australian Money to address any negative fund balances resulting from a shortfall in available Government receipts to fund Government appropriations authorised by Parliament under law.

(b) PROHIBITION ON GOVERNMENT BORROWING—
After the effective date, unless otherwise provided by an Act of Parliament enacted after such date;

(1) No amount may be borrowed by the Secretary from any source; and

(2) No amount may be borrowed by any Federal agency or department, any independent establishment of the executive branch, or any other instrumentality of Australia other than an authorised depository, savings association, or credit union from any source other than the Secretary.

(c) RULE OF CONSTRUCTION—No provision of this Act shall be construed as preventing Parliament from exercising its constitutional authority to borrow money on the full faith and credit of Australia.

SECTION 107. RETIREMENT OF INSTRUMENTS OF INDEBTEDNESS.

Before the effective date, the Secretary shall commence to retire all outstanding instruments of indebtedness of Australia by payment in full of the amount legally due the bearer in Australian Money, as such amounts become due.

SECTION 108. ACCOUNTING.

(a) IN GENERAL—The Secretary shall account for the disbursement of Australian Money and of current fund balances through accounting reports maintained and published by the Secretary and by departments and agencies of the Australian Government.

(b) AUDIT—The Auditor-General of Australia shall conduct an independent biennial audit.

TITLE II—ENTRY OF AUSTRALIAN MONEY INTO CIRCULATION

SECTION 201. ENTRY OF AUSTRALIAN MONEY INTO CIRCULATION.

The Secretary shall cause Australian Money to enter into circulation by and through any of the following means:

(1) Any origination or disbursement of funds to accomplish Federal expenditures authorised and appropriated by an Act of Parliament.

(2) Any disbursements to retire outstanding instruments of indebtedness of the Federal Government or the Secretary of the Treasury as such Instruments become due.

(3) Any contribution authorised by an Act of Parliament subject to any limitation established by the Monetary Authority to the Revolving Fund established in section 403 of this Act.

(4) Any action provided for in the transitional arrangements specified in title IV of this Act, including the conversion of all deposits in transaction accounts into Australian Money.

(5) Any exercise of “lender of last resort” emergency procedures specified in section 305.

(6) Any purchase of stock in the Reserve Bank and of any other assets as prescribed under the Reserve Bank Act as required to accomplish the purposes of section 301.

(7) Any other means, and for any other purpose explicitly authorised by an Act of Parliament that becomes law after the effective date of this Act.

TITLE III—RECONSTRUCTION OF THE RESERVE BANK

SECTION 301. RECONSTRUCTION OF THE RESERVE BANK.

(a) GOVERNMENT ACQUISITION OF ALL NET ASSETS OF THE RESERVE BANK OF AUSTRALIA—on the effective date the Secretary shall purchase on behalf of Australia all net assets of the Reserve Bank of Australia.

SECTION 302. ESTABLISHMENT OF THE AUSTRALIAN MONETARY AUTHORITY.

(a) MONITARY AUTHORITY—

(1) ESTABLISHMENT—

(A) IN GENERAL—There is hereby established the Monetary Authority as an authority within the Department of Treasury under the general oversight of the Secretary of the Treasury.

(B) AUTONOMY OF MONETARY AUTHORITY—The Secretary of Treasury may not intervene in any matter or proceeding before the Monetary Authority, unless otherwise specifically provided by law.

(C) INDEPENDENCE OF MONETARY AUTHORITY—The Secretary of Treasury may not delay, prevent or intervene in the issuance of any regulation or other determination of the Monetary Authority, including

the determination of the amounts of money to be originated and most efficient method of disbursement consistent with the appropriations of Parliament and the statutory objectives of monetary policy as specified in this Act.

(2) MEMBERSHIP—

(A) IN GENERAL—The Monetary Authority shall consist of 9 public members appointed by the President, by and with the advice and consent of the Parliament.

(B) TERMS—

(i) IN GENERAL- Except as provided in sub-paragraph (E), each member of the Monetary Authority shall be appointed for a term of 6 years.

(ii) CONTINUATION OF SERVICE—

Each member of the Monetary Authority may continue to serve after the expiration of the term of office to which such member was appointed until a successor has been appointed and qualified.

(C) POLITICAL AFFILIATION—For as long as political parties are legally permitted to exist not more than 4 of the members of the Monetary Authority may be members of the same political party.

(D) VACANCY—

(i) IN GENERAL—Any vacancy on the Monetary Authority shall be filled in the manner in which the original appointment was made.

(ii) INTERIM APPOINTMENTS—Any member appointed to fill a vacancy occurring before the expiry of the term for which such member’s predecessor was appointed shall be appointed only for the remainder of such term.

(E) STAGGERED TERMS—Of the members first appointed to the Monetary Authority after the enactment of this Act—

(i) 1 shall be appointed for a term of 2 years;

(ii) 2 shall be appointed for a term of 3 years;

(iii) 2 shall be appointed for a term of 4 years;

(iv) 2 shall be appointed for a term of 5 years;

(v) 2 shall be appointed for the full term of 6 years.

(3) CHAIRPERSON –One of the members of the Monetary Authority shall be designated by the President as the Chairperson of the Monetary Authority.

(4) DUTIES—The Monetary Authority shall—

(A) Establish monetary supply policy and monitor the Nation’s monetary status; and

(B) Carry out such other responsibilities as the President may delegate to the Monetary Authority or that may be provided by an Act of Parliament.

(5) GOVERNING PRINCIPLE OF MONETARY POLICY—The Monetary Authority shall pursue a monetary policy based on the governing

principle that the supply of money in circulation should not become inflationary nor deflationary in and of itself, but will be sufficient to allow commodities, goods and services to move freely in trade in a balanced manner. The Monetary Authority shall maintain long run growth of the monetary and credit aggregates commencement with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates.

(6) MEETINGS—The Monetary Authority shall meet on a regular basis subject to the call of the chairperson, the Secretary, or a majority of the members.

(7) PAY--The members of the Monetary Authority shall receive a salary at annual rates equal to the annual rate payable to a judge of the Federal Court.

(8) STAFF—The Monetary Authority may appoint and establish the pay of such employees as the Monetary Authority determines is appropriate to assist the Monetary Authority to carry out the duties imposed under this section.

(b) RESPONSIBILITY OF SECRETARY—The Secretary shall regulate the monetary supply in reasonable accordance with targets established by the Monetary Authority.

(c) REPORTS ON DISCREPANCIES—The Secretary shall report to Parliament any discrepancy between any monetary target and the monetary supply in excess of 0.5 percent at the end of each quarter.

SECTION 303. ESTABLISHMENT OF THE BUREAU OF THE RESERVE BANK.

(a) IN GENERAL—Australian law is amended by adding at the end the following new section:

SECTION 314. BUREAU OF THE RESERVE BANK

(a) ESTABLISHMENT—There is hereby established the Bureau of the Reserve Bank as a bureau within the Department of the Treasury (hereinafter in this section referred to as the "Bureau".

(b) MANAGEMENT—

(1) COMMISSIONER—The management of the Bureau shall be vested in a Commissioner who, with the assistance of a Deputy Commissioner and such staff as the Commissioner may appoint, shall carry out the duties vested in the Bureau and the Commissioner.

(2) DEPUTY COMMISSIONER—There is hereby established within the Bureau the position of Deputy Commissioner.

(3) APPOINTMENT—The Commissioner and the Deputy Commissioner shall be appointed by the President, by and with the advice of the Parliament.

(4) TERMS—

(A) IN GENERAL—The Commissioner and the Deputy Commissioner shall each be appointed for a term of 7 years.

(B) STAGGERED TERMS—Notwithstanding paragraph (A), the first person appointed

Deputy Commissioner shall be appointed for a term of 4 years.

(5) VACANCY—

(A) IN GENERAL—Any vacancy in the Bureau shall be filled in the manner in which the original appointment was made.

(B) INTERIM APPOINTMENTS—Any member appointed to fill a vacancy occurring before the expiration of the term for which such member's predecessor was appointed shall be appointed only for the remainder of such term.

(C) DUTIES—

(1) MONETARY POLICY—The Bureau shall—

(A) Administer under direction of the Secretary, the origination and entry into circulation of Australian Money, subject to the limitations established by the Monetary Authority; and

(B) Administer lending of Australian Money to authorised depository institutions as described in in section 403 to ensure that—

i. Money creation is solely a function of the Australian Government; and

ii. Fractional reserve lending is ended.

(2) TRANSFERRED FUNCTIONS—After the effective date, the Bureau shall exercise all functions consistent with this Act which, before such date, were carried out under the direction of the Governor of the Reserve Bank of Australia.

(3) ITEMISATION BY SECRETARY—Not less than 90 days before the effective date, the Secretary and the Monetary Authority shall itemise—

(A) The functions of the Governor of the Reserve Bank that are transferred to the Bureau pursuant to paragraph (2); and

(B) The provisions of the Reserve Bank Act and other provisions of federal law, relating to functions so transferred, in the application of which the term 'Bureau' (as established under this section) shall be substituted for the term 'Governor of the Reserve Bank'.

(b) CLERICAL AMENDMENT—Australian law is hereby amended by adding at the end the following new item "314. Bureau of the Reserve Bank.".

(c) ROLE OF GOVERNOR OF THE RESERVE BANK shall be dissolved.

SECTION 304. FORECASTING OF DISBURSEMENT REQUIREMENTS.

The Secretary shall—

(1) Forecast disbursement requirements on a daily, monthly, and annual basis;

(2) Provide such forecasts to Parliament and the public;

(3) Integrate forecasts with the Federal budget process;
(4) Maintain a sufficient research capability to continuously and effectively assess the impact of disbursement of Australian Money on all aspects of the domestic and international economies; and
(5) Report to Parliament and the public regularly on the economic impact of disbursements of Australian Money and on the status of the monetary supply.

SECTION 305. LENDER OF LAST RESORT; EMERGENCY PROCEDURES.

(a) RECOMMENDATIONS OF THE PRESIDENT UPON RECOMMENDATION OF THE EMERGENCY BOARD—The Monetary Authority may not exercise any authority under any part of the Reserve Bank Act unless—
(1) The EMERGENCY BOARD established under subsection (b) recommends, upon a vote of 2/3ds of the members of the Parliament, that the Parliament adopts a concurrent resolution calling on the President to certify that a national emergency exists which requires the exercise of such authority;
(2) The Parliament adopts, by a vote of 2/3ds of the members present, a resolution calling on the President to certify that a national emergency exists which requires the exercise of such authority; and
(3) The President issues a certification that a national emergency exists which requires the exercise of such authority by the Monetary Authority.

(b) EMERGENCY BOARD. There is established for purposes of this section the Emergency Board which shall consist of the following members:
(1) The President.
(2) The Minister for Commerce.
(3) The Minister for Energy.
(4) The Minister for Labour.
(5) The Minister for the Treasury.
(6) The Minister for Defence and National Security.
(7) The Speaker of the Parliament.

SECTION 306. SAVINGS PROVISIONS AND TRANSFER PROVISIONS

(a) SAVINGS PROVISIONS—
(1) EXISTING RIGHTS, DUTIES, AND OBLIGATIONS NOT AFFECTED—The establishment of the Bureau of the Reserve Bank shall not affect the validity of any right, duty, or obligation of the Bureau (as the successor to the Governor of the Reserve Bank or any other person that—
(A) Arises under any provision of law relating to any function of the Governor of the Reserve Bank transferred to the Bureau by this title and amendments made by this title; and
(B) Existed on the day before the effective date.

(2) CONTINUATION OF SUITS—This Act shall not abate any proceedings against the Governor of the Reserve Bank before the effective date with respect to any function of the Reserve Bank transferred to the Bureau by this title, except that the Bureau shall be substituted for the Governor of the Reserve Bank as a party to any such proceeding as of the effective date.

(b) TRANSFER OF CERTAIN PERSONNEL—

(1) IDENTIFYING EMPLOYEES FOR TRANSFER—The Secretary and the Governor of the Reserve Bank shall—

(A) Jointly determine the number of employees of the Reserve Bank necessary to perform or support the functions of the Governor of the Reserve Bank that are transferred to the Monetary Authority (if any) and the Bureau of the Reserve Bank pursuant to a provision of or amendment made by this title; and

(B) consistent with the number determined under subparagraph (A), jointly identify employees of the Reserve Bank for transfer in a manner that the Secretary and the Governor of the Reserve Bank, in their sole discretion, determine to be equitable.

(2) IDENTIFIED EMPLOYEES TRANSFERRED—All employees of the Reserve Bank identified under subparagraph (1) (B) shall be transferred to the Monetary Authority or the Bureau of the Reserve Bank, as the case may be, for employment.

(3) RESERVE BANK EMPLOYEES—
Employees of the Reserve Bank as of the day before the transfer date for any employees of the Reserve Bank, shall be treated as employees of the Reserve Bank for the purposes of paragraph (1) and (2).

TITLE IV—TRANSITIONAL ARRANGEMENTS

SECTION 401. CONVERSION OF RESERVE BANK NOTES.

(a) IN GENERAL—Before the end of the 120-day period beginning on the date of the enactment of this Act, the Secretary shall establish the rules and procedures for converting outstanding Reserve Bank notes to Australian Money of equal face value.

(b) PROVISION AND SUPPLY SUFFICIENT FOR CONVERSION AND ISSUANCE—Before the end of the 150-day period beginning on the date of enactment of this Act and as Reserve Bank notes are converted to Australian Money, the Secretary shall begin providing sufficient quantity of Australian Money to the domestic banking system to allow for conversion of all outstanding Reserve Bank notes and the issuance of additional currency as required.

(c) DISBURSAL OF FUNDS—After the end of the 180-day period beginning on the date of enactment of this Act, all

financial institutions in Australia shall only disburse funds in Australian Money, whether as currency, an addition to an available account balance, or other instrument.

(d) DISPOSAL OF OBSOLETE CURRENCY—The Secretary shall promptly dispose of all Reserve Bank notes as they are returned in exchange for Australian Money.

(e) TECHNICAL AND CONFORMING AMENDMENT—Effective at the end of the 150-day period beginning on the date of enactment of this Act, sections of the Reserve Bank Act shall be amended by striking all paragraphs that authorise the Reserve Bank to issue Reserve Bank notes as money.

SECTION 402. REPLACING FRACTIONAL RESERVE BANKING WITH LENDING OF AUSTRALIAN MONEY.

(a) CONVERSION PROCESS—

(1) DEPOSITS—

(A) IN GENERAL –All deposits at any depository institution shall be designated as and treated as Australian Money (either cash or an electronic equivalent) and as transaction accounts.

(B) PROHIBITIONS—In addition to subsection (d), the following provisions shall apply with respect to Australian Money on deposit in a transaction account at any depository institution:

(i) INTEREST—No interest may be paid or may accrue on any Australian Money on deposit in a transaction account at any depository institution.

(ii) DEPOSITS AS BAILMENT—Any Australian Money on deposit in a transaction account at any depository institution shall—

(I) Be treated as a bailment for the mutual benefit of the parties and terminable at will; and

(II) As property held in trust as bailed property, not be treated as an asset of the depository institution or as a source of credit.

(C) EXCEPTION FOR LONG TERM SAVINGS NOT SUBJECT TO DEPOSIT INSURANCE—

(i) IN GENERAL—Subparagraph (B) shall not apply to any liability of depository institution to a customer for any amount in an account at a depository institution pursuant to a

contract that restricts the availability of any such amount for a fixed term and does not permit amounts to be transferred in any manner for the benefit of a third party.

(ii) FIXED TERM SAVINGS NOT INSURED—Any account described in clause (i) may not be treated as a deposit for purposes of Deposit Insurance or as a share draft account, for purposes of Deposit Insurance.

(2) Outstanding credit—Any asset of a depository institution that results from a credit extended against, is attributable to, or has been accounted for with respect to, amounts described in paragraph (1) (A) shall, as of the effective date –

(A) Be a liability of the depository institution to the Federal Government; and

(B) As the outstanding balance is repaid pursuant to its terms shall be paid over to the Federal Government.

(3) DEPOSIT IN REVOLVING FUND - The monies paid to the Federal Government shall be deposited into the Revolving account established in section 403.

(4) IN GENERAL - Before the effective date and subject to the requirements of this section, the Monetary Authority shall establish and publish the accounting rules, pricing, and processes which shall convert all bank credit in circulation as of the date of such conversion, into Australian Money.

(5) RETENTION OF INTEREST PAYMENTS-A depository institution may keep as income, any interest payment made by a customer of the depository institution on an outstanding loan for which the depository institution became indebted to the Federal Government under paragraph (2).

(b) TREATMENT OF AMOUNTS ON RESERVE AT THE RESERVE BANK—The monetary Authority shall determine, by the effective date, how the reserves of a depository institution at the Reserve Bank shall be treated so as to promote a seamless transition to the new system.

(c) ACCOUNTS IN GENERAL- Before the effective date, the Monetary Authority shall prescribe new lending and accounting regulations for various types of accounts including transaction accounts and time deposit accounts described in subsections (d) and (e).

(d) TRANSACTION ACCOUNTS—

(1) FRACTIONAL RESERVE BANKING ENDED—

The regulations prescribed under subsection (c) shall provide that –

(A) Any depository institution shall have a fiduciary responsibility for the money of any

depositor on deposit in a transaction account which –

(i) Shall be held for the exclusive use of the account holder; and

(ii) May not be used by the depository institution to fund loans or investments;

(B) A dollar of Australian Money shall be on hand or in a Federal Government account; and

(C) A depository institution may charge a reasonable fee for providing transaction account services.

(2) TRANSACTION ACCOUNT DEFINED—For purposes of this section, the term, “transaction account” –

(A) Means a deposit account on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone transfers, or other similar items for purpose of making payments or transfers to third persons or others; and

(B) Includes demand deposits, negotiable order of withdrawal accounts, savings deposits subject to automatic transfers, and share draft accounts.

(e) AUSTRALIAN MONEY AS A SOURCE OF LOANS— After the effective date all lending by depository institutions may be accomplished only by lending of actual Australian Money that is—

(1) Owned by a depository institution from earnings and or capital contributions by investors;

(2) Borrowed at interest from the Federal Government; or

(3) Borrowed at interest through the issuance of bonds or other interest-bearing securities by the lending bank, to the extent that such bonds or securities are structured in a manner consistent with the purposes of this Act.

(f) ENCOURAGEMENT OF PRIVATE PROFIT-MAKING LENDING ACTIVITY—The regulations prescribed and actions taken under this section shall be established and taken in a manner that—

(1) Encourages private, profit-making money lending activity by banking institutions; and

(2) Prohibits the creation of private money through the establishment of lending credit against depository receipts, sometimes referred to as “fractional reserve banking”.

Section 403. ESTABLISHMENT OF FEDERAL REVOLVING FUND.

(a) REVOLVING LOAN FUND —Subject to provision in advance in an appropriation Act, there is hereby established a revolving fund in the Treasury of Australia where amounts received from depository institutions under terms specified in section 402 of this Act shall be deposited and made available for relending to banking institutions and for other purposes.

(b) ADMINISTRATION—The Revolving Fund shall be administered by the Bureau under terms and conditions as the Secretary shall prescribe consistent with the purposes of this Act.

(c) NATIONAL EMERGENCY—In the event of the finding by the President that a National Emergency exists, and with the concurrence of the Parliament in accordance with the emergency procedures specified under section 305, the Secretary, on advice of the Monetary Authority, may draw up to 80 per cent of the funds on deposit in the Revolving Fund. Such funds shall be returned to the Revolving Fund within 3 years of the date of initial disbursement, either through repayment of loans or through an Appropriation Act, unless the Secretary receives from the specific authorisation to extend the term of the loans. The authorisation of Parliament shall be given by a resolution.

TITLE (V)—ADDITIONAL PROVISIONS

Section 501. DIRECT FUNDING OF NEW INFRASTRUCTURE AND IMPROVEMENTS.

(a) REPORT REQUIRED ON OPPORTUNITIES FOR DIRECT FUNDING—Before the effective date, the Secretary, after consultation with the heads of the Executive branch departments, agencies and independent establishments shall report to the Parliament on opportunities to utilise direct funding by the Australian Government to establish new infrastructure and improvements, and upgrade the physical economy of Australia in such areas as transportation, communication, agriculture, water usage and availability, sewerage systems, medical care, education, space and other infrastructure systems, to promote the general welfare, and to stabilise the Social Security retirement system.

(b) BROARD EQUITABLE DISBURSION OF FUNDING—Generally any program recommended for direct funding shall be undertaken throughout the Nation based on per capita amounts and other criteria to assure equity as determined by the Monetary Authority.

Section 502. INTEREST RATE CEILINGS.

(a) LIMIT ON AMOUNT OF FINANCING FEES—The total amount of interest charged by a financial institution on any extension of loans (other than a mortgage) to any individual borrower through amortisation, including all fees and service charges, shall not exceed the total amount of the loan extended.

(b) LIMIT ON RATE—The annual percentage rate applicable to any loan of money may not exceed 8 percent on unpaid balances, inclusive of charges.

Section 503. AUTHORITY OF DEPOSIT INSURANCE FACILITY.

Except as provided in section 402 and the amendment made by section 3 (b), no provision of this Act shall be construed as altering or affecting any authority or function of the Deposit Insurance facility.

SECTION 504. MONETARY GRANTS TO LOCAL GOVERNMENTS.

(a) IN GENERAL—Each year the Monetary Authority shall instruct the Secretary to disburse grants over a 12-month period to the Local Governments for authorised projects and services.

(b) Such projects and services shall have consideration of the historical and other local traditions of the community residing in the local government area.

(c) Before the end of the 180-day period beginning on the date of enactment of this Act, each Local Government shall prepare and lodge with the Monetary Authority a costing of the projects and services proposed for the ensuing year.

(d) Any program or service shall be undertaken throughout the local government district on a per capita amounts and other criteria to assure equity as determined by the Monetary Authority.

SECTION 505. EDUCATION FUNDING PROGRAM.

Before the end of the 120 day period beginning on the date of enactment of this Act, the Secretary, in cooperation with the Secretary for Education, shall provide recommendations to Parliament for a program to fund the educational system that will put Australia on a par with other highly developed nations, and to sufficiently provide for fully funded programs for elementary and secondary education, technical and further education (TAFE) colleges and of higher university environment so that every child has an opportunity to reach their full educational potential.

SECTION 506. SOCIAL SECURITY.

The Secretary shall submit to the Monetary Authority any requests to cover any impending deficits in Social Security accounts.

SECTION 507. INITIAL MONETARY DIVIDEND TO CITIZENS.

(a) IN GENERAL—Before the effective date, the Secretary in cooperation with the Monetary Authority shall make recommendations to Parliament for payment of a Citizens Divided as a tax-free grant to all Australian citizens residing in Australia in order to provide liquidity to the banking system at the commencement of this Act, before governmental infrastructure expenditures have had a chance to work into circulation.

(b) STUDY OF THE EFFECTS OF CITIZENS DIVIDEND—
The Secretary shall maintain a thorough study of the effects of the Citizens Dividend observing its effects on production and consumption, prices, morale and other economic and fiscal factors.

SECTION 508. HEALTH CARE FUNDING.

a) Before the end of the 120-day period beginning on the date of enactment of this Act, the Secretary, in cooperation with the Secretary for Health, shall provide recommendations to Parliament for a program to fund the national healthcare system that will enable fully funded programs for all forms of healthcare, maternity and well-being.

SECTION 509. RESOLVING THE MORTGAGE CRISIS.

The Parliament shall be aware that funding through this Act is available for Parliamentarian enactments for resolving aspects of the mortgage crisis.